

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Application of Pacific Gas and Electric Company for )  
Approval of the Retirement of Diablo Canyon Power )  
Plant, Implementation of the Joint Proposal, And )  
Recovery of Associated Costs Through Proposed )  
Ratemaking Mechanisms )  
\_\_\_\_\_ )

Application No. 16-08-006  
(Filed August 11, 2016)

**PROTEST OF  
LEAN ENERGY US**

September 15, 2016

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In accordance with Rule 2.6 of the Rules of Practice and Procedure of the Public Utilities Commission of the State of California (“Commission”), LEAN Energy US (“LEAN”) hereby submits this protest to the application filed by Pacific Gas and Electric Company (“PG&E”) in the above-captioned docket (“Diablo Canyon Application”). Notice of the Diablo Canyon Application first appeared in the Daily Calendar on August 16, 2016. Therefore, in accordance with Rules 1.15 and 2.6(a), this protest is timely filed.

**I. INTRODUCTION AND SUMMARY**

LEAN is a 501(c)(3) nonprofit membership organization incorporated in the State of California. LEAN’s mission is to support the development of sustainable community choice aggregation (“CCA”) programs nationwide. LEAN was incorporated in 2011 following the launch of Marin Clean Energy, the state’s the first operational CCA, in recognition that successful CCA development would require a clearinghouse of information and support. Currently, LEAN provides information and education to local jurisdictions and stakeholders with regard to CCA opportunities and challenges, advocates for fair public policy and law, and consults with local jurisdictions on CCA program design and planning processes, both pro bono and under contract.

LEAN's interest in this proceeding is to assure that PG&E's proposals in the Diablo Canyon Application are consistent with law and Commission policy, do not unreasonably harm the ability of existing Community Choice Aggregators to provide competitive services, and do not hamper the development of CCA programs in California. LEAN's protest focuses principally on the impacts of PG&E's proposals on the development of future CCA programs in California.

In the Diablo Canyon Application, PG&E proposes to replace output from Diablo Canyon Power Plant ("Diablo Canyon") in three tranches: (1) 2,000 GWh of energy efficiency to be installed by January 1, 2025, at a cost of approximately \$1.3 billion, to be funded by all ratepayers, including CCA and direct access ("DA") customers; (2) a competitive solicitation for 2,000 GWh of greenhouse-gas ("GHG") free energy for delivery in 2025-2030. Energy efficiency and renewables portfolio standard ("RPS") energy resources, as well as other GHG-free energy resources, will compete to fill this opportunity; (3) a voluntary 55 percent RPS commitment, which is 5 percent above the 2030 RPS mandate in Senate Bill 350. The commitment would start in 2031 and terminate the earlier of 2045 or when superseded by law or a Commission decision.

PG&E also seeks to establish a Clean Energy Charge, which would include separate components to: (a) recover GHG-free energy resource procurement costs related to tranche 2 procurement from all electric users in PG&E's service territory, including PG&E's bundled electric customers, CCA customers, and DA customers, subject to a self-provision option; and (b) recover RPS procurement costs related to Tranche 3 from PG&E bundled electric customers that depart after the Commission issues a decision approving the Diablo Canyon Application.

PG&E would also establish a “self-provision” option for CCA and DA providers that elect to self-provide GHG-free energy resources in lieu of the Tranche 2 component of the Clean Energy Charge.

Finally, PG&E also seeks to:

- recover various costs related to Diablo Canyon, including recovery of costs associated with retaining approximately 1,500 employees at Diablo Canyon beginning January 1, 2018 through December 31, 2024 through a Nuclear Decommissioning non-bypassable charge (“NDNBC”);
- implement an employee severance program,
- recover of costs associated with retaining eligible employees,
- provide emergency preparedness support to the state and local community,
- recover of an offset of a property tax loss to San Luis Obispo county,
- recover of costs of Diablo Canyon license renewal;
- establish a new Diablo Canyon two-way balancing account; and
- update Diablo Canyon capital depreciation expense.

As described below, in the Diablo Canyon Application PG&E introduces many complex issues that are properly addressed in other Commission proceedings. Therefore, the Commission should either reject PG&E’s application without prejudice in its entirety and request that PG&E re-file its requests in the proceedings described below, or the Commission should significantly reduce the scope of the request to address only those matters directly related to the closing of Diablo Canyon, such as updating depreciation expense associated with Diablo Canyon. It would be inefficient and wasteful to Commission and parties’ resources to have multiple proceedings address the same or similar issues.

## II. PROTEST

PG&E's various requests raise a number of issues, which can and should be addressed in other proceedings which are the appropriate forums for the issues PG&E raises. Moreover, it is not clear why closing Diablo Canyon requires a separate application at all. Many plants have been closed at the end of their economic lives without requiring an application.

PG&E seeks to acquire additional energy efficiency resources in Tranche 1 and possibly in Tranche 2. PG&E's request raises significant policy issues, including but not limited to cost effectiveness, utility versus third-party implementation, and energy efficiency potential. The Commission has an ongoing rulemaking proceeding (R.13-11-015) that is the proper proceeding to address these issues. For example PG&E's request in the Diablo Canyon Application conflicts with Decision ("D.")16-08-019 with respect to utility versus third-party program implementation and with Commission practice generally with respect to the cost effectiveness methodology.

PG&E's request for a voluntary 55 percent RPS commitment does not even begin until five years after Diablo Canyon closes. That issue can and most definitely should be addressed in the ongoing Integrated Resource Planning ("IRP") rulemaking proceeding (R.16-02-007).

PG&E's attempt to create *ex nihilo* a Clean Energy Charge appears to be an attempt to add to or supplement the existing Power Charge Indifference Amount ("PCIA"). Any attempt to create an addition or supplement to the PCIA has statewide cost and policy implications far beyond the closing of one power plant and should be addressed in a separate rulemaking proceeding. With respect to the "self-provision" option, it is wholly inappropriate for PG&E to create disincentives and incentives with respect to the procurement of renewable resources by CCA and DA providers. That said, if the Commission, not PG&E, wishes to address this issue, it should do so in the IRP proceeding within the statutory confines of SB 350; such a novel and far-

reaching issue has nothing to do with closing Diablo Canyon, specifically, or more generally any power plant.

PG&E's other cost recovery requests described above can and should be addressed in either (1) the nuclear decommissioning proceeding (A.16-03-006), or, since Diablo Canyon will not close until 2025, in a future nuclear decommissioning proceeding, or (2) future general rate cases. PG&E will have years to refine its forecasted expenses and estimating those expenses closer to the time of Diablo Canyon's closing will provide the Commission with more accurate cost estimates.

### **III. PROCEDURAL MATTERS**

Pursuant to Rule 1.4(a)(2), LEAN hereby requests party status in this proceeding, using the name and contact information set forth in the signature block, below. As described above, LEAN has a material interest in this proceeding.

### **IV. CONCLUSION**

LEAN appreciates the Commission's consideration of the matters addressed herein.

Dated: September 15, 2016

Respectfully submitted,

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